

There has been a great deal of talk about the deficit recently. People from both political parties and all sides of our political debate have talked about what the deficit is, why it is so large, and what that means. A much smaller group of people have even talked about what we can do about it; fewer still about what we *should* do. But, amidst all of this talk, there has been very little discussion about what the Congress has actually done. I would like to take a few minutes of your time to talk about a law we just passed that will rein in spending and put our government budget back in shape. It goes by the uncongenial name of Statutory PAYGO.

That stands for Pay As You Go and what it means is very simple: if a new policy will cost the federal government money, it must also reduce spending or bring in new money to cover that cost. This probably seems like a simple and logical rule to you, but we supporters have been fighting for a long time to make it law. That's even more surprising because we've already seen how well it works. In 1990, [Congress enacted Statutory PAYGO](#) under the leadership of Democratic Speaker of the House Tom Foley and it was [signed into law](#)

by Republican President George H. W. Bush. The impact was quickly felt. After watching the national debt

[triple in size during the 1980s](#)

, the 1990s saw the federal deficit shrink from a high of \$290 billion in 1992 until, in 1998, [we saw an annual budget surplus](#)

for the first time in the memory of most Americans. President Clinton paid down [hundreds of billions from the national debt](#)

and left office with projected

[\\$800 billion](#)

[annual](#)

[budget surpluses](#)

. Vice President Gore campaigned on the idea that he would lock that money away to help ensure the solvency of our government for the foreseeable future.

He never got the chance to impose that [lockbox](#), however. President George W. Bush instead used the money to create preferential tax treatments favoring the few at the expense of every American family. His tax policies gave more than

[\\$892 billion to less than 3% of Americans](#)

. In 2001, he said this unfair tax structure was a more important use for the surpluses than paying down our debt. Even when the surpluses were gone and we were facing new, record-setting budget deficits, however, President Bush decided to further unbalance the tax system. By allowing Statutory PAYGO to expire in 2002, he was able to force through new policies in 2003, policies like a special

[tax cut just for Wall Street traders](#)

. Once again, these have been paid for by every American but mostly benefited the few

thousands of people with the highest income in the country. In a

[2002 letter to Congress](#)

, the Bush Administration encouraged letting PAYGO lapse so they could create a new prescription drug bill without bothering to pay for it. That program required

[nearly \\$50 billion dollars in borrowing in 2008 alone](#)

. All of this added spending has meant

[another \\$1.7 trillion in deficits](#)

, but President Bush never seemed to care if we could afford it. Each of his policies was designed to leave the job of paying for his

[\\$4.9 trillion in new debt](#)

to his successor, whoever that might be. That's \$4,899,100,310,608, a thirteen-digit number.

When Democrats took control of the House in January of 2007, [one of the first steps that we took](#)

was [to make PAYGO](#)

[the rule of the House](#)

. (See

[Clause 10 of Rule XXI on page 12](#)

) When we passed a bill and sent it to the Senate, we always included a way to pay for it.

Unfortunately, the Senate didn't share our concern about deficits. Again and again,

[they would strip out the spending cuts we included](#)

-- they're called "pay-fors" because they're how we pay for new spending -- in their version.

[President Bush also threatened to veto](#)

any legislation that showed such fiscal restraint or recognized the real costs of government spending. Faced with the choice of letting families go hungry or cutting children's health care versus passing Senate- and Bush-approved legislation without the pay-fors, we often swallowed our distaste for the budgetary recklessness.

In the 111th Congress, we got tough. Last year, the House [passed a bill](#), introduced by [Majority Leader Hoyer](#)

and

[yours truly](#)

, that would make PAYGO law again. The Senate didn't take it up. So we attached it to

[another bill](#)

and passed it again. Again, the senators could not agree to bring controls to our finances. And again and again. Finally, in January of this year, the Senate passed our

[Statutory PAYGO bill](#)

. One week later, on February 4, 2010, the House passed it for a fifth time and PAYGO was sent to the President to become, once again, the law of the land.

Now, you may hear and it is true that there are exceptions to the PAYGO rule. If there is an

emergency, the law allows legislation without pay-fors. That's only right. We're fighting two wars and dealing with the worst economic crisis of our lifetimes. Congress never would and never should leave Americans to suffer, in combat abroad or here at home, because of a dispute about how to pay for necessary spending. But using those exceptions requires a strong and visible step, so the American people can see if we're waiving the rule. That way *you* can decide whether you think we're right to do so. It shines a light on our decisions. Such transparency is important.

You will notice, though, that there has been no talk about such an exception for health care reform legislation. There's a good reason for that. Despite what some people continue to say, the health care reform bills passed by the House and by the Senate are both paid for. The Congressional Budget Office predicted that [the House bill would cut the deficit by \\$138 billion](#) and the

[Senate bill by \\$130 billion over 10 years](#)

. Making these reductions, reducing the overall deficit, and paying down our national debt will require hard choices. It would be nice to say that we can do it all for free.

[But that's not true.](#)

(The transcript is

[here](#)

.) I have too much respect for the people of the 20th District and of this country to tell you otherwise. Statutory PAYGO sets a tough standard to meet. But doing hard things is part of our job. You deserve no less.



P.S. Majority Leader Hoyer offers a nice, 2-minute explanation you can watch [here](#) . President Obama also talked about PAYGO in [his weekly address](#)